



Meeting of the
PRIORITY SETTING & RESOURCE ALLOCATION COMMITTEE

January 20, 2012
The Family Center, 315 W. 36th Street
9:45 – 11:35 pm

MINUTES

Members Present: Marya Gilborn (Co-chair) , Allan Vergara (Co-chair), Victor Benadava, Felicia Carroll, Nancy Cataldi, Sharen Duke, Joan Edwards, Graham Harriman, Peter Laqueur, Hilda Mateo, Tracy Douglas Neil, Jan Carl Park, Tom Petro, Leonardo Vicente III

Members Absent: Robert Cordero, Steve Hemraj, Amanda Lugg, Deb Marcano, Dena Rakower

Staff Present: David Klotz, JoAnn Hilger, Darryl Wong, (DOHMH); Rachel Miller, Gucci Kaloo (Public Health Solutions)

Agenda Item #1: Welcome/Introductions/Moment of Silence/Minutes

Ms. Gilborn opened the meeting followed by introductions. *Mr. Benadava* introduced the moment of silence. The minutes of the December 13, 2011 meeting were approved with one change.

Agenda Item #2: FY 2012 Scenario Planning

The Committee continued its discussion of developing scenarios for possible reductions in the grant award in advance of the official notice. The scenarios are based on the spending plan submitted in the grant application and the actual carrying costs of current programs. In last year's scenario planning process, PSRA agreed to apply the ranking tool-based formula to a combined base/MAI plan should both grants receive an increase or decrease in tandem. If one is increased and the other decreased, then base and MAI spending plans must be considered separately.

Mr. Klotz reviewed updated carrying costs for FY 2011 programs (the amount of funding needed to pay for programs at their current levels, which may differ somewhat from the original allocation due to contract takedowns or terminations or rate adjustments). There was one change in carrying cost the MAI spending plan from the plan presented in December: the increase in the Housing Services category that is the result of the rate and service adjustments in FY 2011 for the Housing Placement program went from \$21,980 to \$65,942.

Mr. Park gave an overview of the national funding picture. There will likely be a 1.7% rescission for all federal discretionary programs. It is not known how the US Dept. of Health and Human Services will apply this to Ryan White programs. In addition, the President's budget request asks for only a small increase in Part A programs. Given these unknowns, as well as unknowns concerning the score the EMA receives on its grant application, it is likely that the EMA can expect at least a flat funding environment, with a possibility of some reduction in the award.

Ms. Hilger reported that the true carrying cost may still change once Public Health Solutions (PHS) once the negotiations are completed for FY 2012. It is likely that there will be additional unobligated funds in Medical Case Management (MCM), which can offset a reduction to other categories. Also, there may be changes to Mental Health and Substance Abuse programs due to implementation of the HRSA monitoring standards, particularly Medicaid certification. Also, Substance Abuse programs will not be able to serve HIV-negative people, and are being offered the possibility of implementing new evidence-based interventions, thus their contract amounts may change. DOHMH has asked its Medicaid consultant to fast track its analysis of Substance Abuse Services (the Planning Council can anticipate a full report from the consultant in the spring). It is unclear how these, along with MCM carrying costs will play out.

Mr. Klotz led the Committee through a review of the 2% reduction scenario, explaining that proportionate reductions are based on the category scores in the PSRA ranking tool. There was a discussion of the amount set aside for Quality Management (QM), set at \$3M and held harmless from further cuts. The amount was held harmless due to the loss of over \$400,000 for QM from the MAI award. *Mr. Park* said that the PSRA should review holding the QM allocation harmless in the future, and asked if QM could be redirected to administration to help Tri-county. *Ms. Hilger* explained that QM and administrative funds are separately allocated (as are program dollars). Also, the QM allocation includes Tri-county, as well as Ryan White data systems, for the entire EMA. *Mr. Benadava* added that the Council should have more information on the QM program.

The base carrying cost assumes that ADAP is fully funded at the original allocation approved by the PSRA and Council, which gives the plan a \$2.7M deficit under a flat funding scenario. For FY 2012, the NYS Dept. of Health AIDS Institute (AI) has agreed, in conversations with the Council's governmental co-chair and Council staff, to take up to a \$3M reduction in their allocation to offset cuts to other categories, with the stipulation that the first \$2M in reprogramming funds goes to restore the ADAP pool. This is identical to the current year's arrangement. Such an arrangement has been used since the early days of the Part A program. Since the ADAP program can take unspent funds late in the year, it gives the EMA the flexibility to carry a larger portfolio of services. The Council always makes the final determination on the ADAP allocation. There is some risk to ADAP should there not be enough underspending to restore their allocation. Also, in the future, due to new accounting procedures, ADAP will not be able to take funds that are left over at the end of the year after other reprogramming items (e.g., program enhancements) are done.

Ms. Gilborn stated that, if the original ADAP allocation is assumed every year, then in effect ADAP is held harmless over time, as their original allocation is not subject to a proportionate

reduction. *Ms. Miller* pointed out that ADAP (in addition to the upfront reduction to be restored) absorbed the actual cut to the award. [Note: ADAP's original allocation has been reduced from a historic high of \$27M in FY 2004 to this year's \$20.8M.] *Mr. Klotz* noted that the Council has prioritized ADAP as the top service priority, and the EMA's contribution allows ADAP to have a larger formulary and more generous income eligibility requirements. *Mr. Petro* suggested that the discussions and agreements with AI be summarized in written form for the PSRA (although *Mr. Laqueur* noted that the decisions are reflected in the spending plans and meeting minutes). The ADAP program director, Christine Rivera, discusses their needs with the PSRA every year before the final spending plan is approved.

In a 2% reduction scenario, if there is no upfront reduction to ADAP, the amount needed to erase the deficit in the base plan rises from 1.8% to 3.9%, meaning larger proportionate reductions to all other service categories. In response to a question from Mr. Benadava, it was explained that the PSRA has the authority to hold any particular service category harmless, but there would have to be a justification for that. Also, in the unlikely event of an increase in the award, the increase could be applied proportionately based on ranking, or targeted to specific categories.

There was a discussion of the Tri-county (TC) allocation, which has traditionally been based on the State's surveillance reports of TC's proportion of living HIV/AIDS cases in the EMA. The most recent State data shows the percentage decreasing from its current 4.71% to 4.6% (based on 2009 data). *Mr. Park* reported that HRSA Project Officer Kerry Hill has confirmed that the TC amount is under the purview of the Council.

Mr. Petro explained that TC had an administrative deficit this year of about \$50,000. In FY 2011, this was made up by a contribution from Westchester County Dept. of Health (WCDOH) tax levy funds, which will not be available for FY 2012. With the implementation of the HRSA monitoring standards, TC cannot afford to lose one of their five staff members (along with the minimal amount of OTPS dollars in their administrative budget). In order to get the administrative portion up to the amount needed, the TC allocation would need to be 5.13%, but this would result in \$400,000 in additional program dollars for which there may be no need. WCDOH and NYC DOHMH are in discussions about having some of the NYC administration funds shifted to TC. [Also, the TC Steering Committee may vote shortly to defund Early Intervention Social Networking Programs, as they have not been able to identify any HIV-positives. This would free up about \$400,000 in program funds, but TC requested additional funds for housing and food programs in the FY 2012 grant application, which could absorb some of those program dollars. This has no effect on administrative funds.] Given the unknowns, *Mr. Petro* asked the Committee for flexibility to consider the TC allocation once the final award is announced and revisit the amount regardless of the surveillance data. It was noted that TC does not have ADAP as a cushion for cuts to their portion of the award. For the purposes of this scenario planning exercise, it was agreed to leave the TC percentage at its current amount as a placeholder.

Ms. Gilborn raised the possibility of adding a portion of the NYC ADAP award to the TC budget as a way to use possible additional program dollars that TC might have, thus giving them the percentage they need to cover administrative costs. It was decided that the NYC DOHMH and WCDOH will discuss the issue internally and report back before development of a final spending

plan. *Mr. Petro* added that program needs should dictate funding, and there needs to be more information on what will happen with the EIS funds. *Ms. Miller* added that TC benefits from some of the NYC administrative costs, such as eShare. *Ms. Duke* pointed out that what TC is experiencing mirrors what NYC sub-contractors are experiencing as the cost of business goes up but the amount allowed for administration stays flat. The Council needs to discuss the administrative burden on all programs, especially with the implementation of the HRSA monitoring standards.

In response to a question from *Mr. Park*, *Mr. Harriman* explained that the footnotes are useful in helping people understand the components of the service categories, especially MCM. There was a discussion on the funds used for training within the MCM category. *Mr. Harriman* explained that PSRA had agreed that the category would require provider training to implement the service model (with the amount based on the number of staff needed to be trained), and that the amount has decreased. In the past, each sub-contractor had funds for training come out of their contracts' program dollars. Because these programs have a standardized model, it was more cost effective to have one centralized provider of training for all sub-contractors. *Mr. Benadava* said that DOHMH should keep the Council informed of how funds are used for training within service categories. *Ms. Duke* and *Ms. Edwards* said that the Council (or an appropriate committee) could find useful a presentation on implementation of the program design (including training) for various categories. *Mr. Park* concurred, considering the amount of funding spent on MCM in particular. *Ms. Gilborn* suggested that such a presentation be broadened to include information on other programmatic dollars that are used for non-direct services, such as data entry. Questions that arise would be related to the Council's program guidance.

Mr. Park said that the footnotes on the spending plan regarding EIS and MCM should be consistent in showing dollar amounts for different elements of the categories.

The Committee agreed by consensus to use the methodology presented if there is a reduction of the award up to 5% as the basis for developing a final spending plan. This includes the following principles: 1) combining base and MAI if the awards are increased or decreased in tandem; 2) using the FY 2011 carrying costs as starting point for an allocation amount; 3) be flexible on the Tri-county amount, based on more information; 4) fully funding ADAP at its FY 2011 carrying cost; 5) taking the first \$3M reduction in base funding from ADAP with the agreement to use the first \$2M in reprogramming dollars to restore it; 6) applying proportionate cuts to the remaining categories (holding ADAP harmless from additional proportionate cuts).

There being no further business, the meeting was adjourned.